



Missouri Attorney General Jay Nixon

Attorney General's News Release

April 9, 2007

Firm that leases credit card machines defrauded small businesses in Missouri of thousands of dollars, Nixon says

St. Louis, Mo.— Attorney General Jay Nixon today took legal action against a New York City company Nixon says defrauded dozens of Missouri small businesses that leased its credit card swiping machines. The allegations in Nixon's lawsuit against Northern Leasing Systems Inc. include charges that the company altered contracts signed by Missouri businesses in order to obligate them to four-year leases that could not be canceled and to pay as much as \$4,000 for a machine worth about \$300.

Nixon filed suit today in St. Louis City Circuit Court, asking the court to stop the fraud and order the company to pay restitution to the businesses and penalties to the state of Missouri. The Attorney General's Office has received 23 complaints about Northern Leasing's practice, but Nixon says there may be more victims that have not filed complaints.

"These businesses do a smaller volume in credit and debit card sales, and leasing from this New York company at first appeared to be a viable option," Nixon says. "Through a web of misrepresentation and fraud, however, Northern Leasing entangled them in contracts where the businesses were obliged to pay much more than the machines were worth. We will continue to be aggressive in stopping schemes that defraud Missouri's small businesses."

Northern Leasing advertises itself as a leasing company specializing in financing credit card swiping machines and other business equipment. Nixon alleges the company's sales staff duped small businesses into entering into four-year leases to pay for the machines, which are typically worth \$200-\$300, resulting in total payments of \$2,500-\$4,000.

Many of the small-business owners were misled by third-party vendors into signing contracts they thought would provide them with a wide range of services at \$59.99 a month for four months; they later found out that amount only financed the swiping machine itself. To make matters worse, Nixon said, several of the businesses later received copies of their leases with the terms changed from four months to 48 months, and the terms of the leases would not allow the consumers to cancel them during that period.

Northern Leasing also included provisions that any disputes under the contracts would be resolved in court in New York City, where Northern Leasing regularly files its collection suits - making it very difficult and costly for Missouri consumers to challenge the leasing contracts. Missouri consumers who disputed the contracts and didn't pay the company complained they have been subject to harassing collection phone calls from Northern Leasing both at work and at home, even if those consumers have been defrauded or received nothing of value for their payments.

Nixon is asking the court to issue a temporary restraining order and preliminary and permanent injunctions preventing Northern Leasing from continuing to advertise or sell any business equipment, including credit card swiping machines, within the state of Missouri. The lawsuit also calls for the defendants to pay restitution to all consumers or small businesses who they defrauded, as well as appropriate penalties to the state.

Inquiries from consumers should be directed to consumer@ago.mo.gov or 1-800-392-8222 (from within Missouri) or

Attorney General's News Release

October 31, 2007

Firm that leases credit card machines to pay \$25,000 in restitution, \$5,000 to the state in agreement with Nixon

St. Louis, Mo. — A business based in New York City that leased credit card swiping machines to Missouri small businesses will pay \$25,000 in restitution and another \$5,000 to the state as part of an agreement with Attorney General Jay Nixon. Nixon's assurance of voluntary compliance with Northern Leasing, filed today in St. Louis City Circuit Court, resolves concerns that Nixon had about the company's business practices, specifically its leasing of the machines and contracts it entered into with Missouri small businesses.

Nixon filed a lawsuit against the defendant on April 9, 2007, after his office received numerous complaints about Northern Leasing's practices. The business advertises itself as a leasing company specializing in financing credit card swiping machines and other business equipment.

In his lawsuit, Nixon alleged that sales staff marketing the machines prompted Missouri small businesses into entering into four-year leases to pay for the machines. The Attorney General was concerned that confusion about the terms and lengths of lease contracts were harmful to Missouri small businesses.

In addition to paying \$25,000 in consumer restitution as part of the settlement, Northern Leasing is also required to make of payment of \$5,000 to the state to reimburse the Attorney General's Office for fees and costs incurred during the investigation and enforcement of the matter. The settlement also requires the defendant to cancel outstanding leases and collection of debts from some consumers involved in the litigation in exchange for the return of all equipment belonging to Northern Leasing back to the company.